[Mr. K. G. Kunjukrishna Pillai]

I also understand that such spirits are bad for health. On both these grounds it was thought necessary that an amendment of the sort now made should be made. Such a section exists in all parts of British India and also in the State of Cochin.

President : The question before the House is whether the Bill may be taken into consideration.

The motion was put to vote and carried.

Mr. K. G. Kunjukrishna Pillai : In the absence of any amendments I move that the bill be passed.

Mr. A Lekshminarayana Ayyar : I second it.

The motion was put and carried.

The bill was passed.

THE TRAVANCORE CREDIT BANK ACT (AMENDMENT) BILL.

Mr. K. G. Kunjukrishna Pillai : Sir, I beg to move that the Travancore Credit Bank Act (Amendment) Bill as passed by the Sri Mulam Assembly be taken into consideration.

Mr. A. Lakshminarayana Ayyar: I second it.

The motion was put and carried.

Mr. K. G. Kunjukrishna Pillai : I may be permitted to speak a few words on the present amendment. The Credit Bank Act, as it now exists, prevents the bank from doing what may generally be called any sort of ordinary commercial banking business. During the few years the Credit Bank has been in existence it has been found that it was not giving the maximum benefit to the people of the State and the Board of Management of the Bank thought that amendments on the lines now proposed would increase the utility of the Bank particularly in aid of cottage industries and small-scale industries which cannot afford to give as security either machinery or landed property. Such small-scale industries can afford to give only its stock in trade as security. The intention of the amendment Bill is to allow them to do business by borrowing money on the security of their stock in trade.

Another amendment proposed is with regard to fixed deposits. It was provided in the Act that fixed deposits should be taken only for 2 years and more. The working of the Bank has shown that reducing the term to one or more years would be of very great advantage to the Bank as well as the public.

Another amendment is with regard to allowing of overdraft on Government Securities or other securities approved by Government. This is also considered to be a very beneficial amendment. I therefore move that the Bill be taken into consideration.

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President: I think it would be useful if I explain the reasons which induced the Government to bring forward such an Amendment Bill. When the Credit Bank was brought into existence, Government were passing through a somewhat difficult time. Their Agricultural Loan policy had, no doubt, satisfied certain prospective borrowers but had not satisfied many other considerations. There were in many cases insufficient securities offered and accepted. In some cases non-existent securities were offered and accepted. And our Industrial Loan policy might be described as disastrous and lamentable. It was so manoeuvered that no man, who started a real industry, got a chance of getting a loan. But some people got loans on the security of entirely imaginary items. Soon it was reported to Government that loans were granted merely on imaginary securities so that it might come within the provisions of the State-Aid to Industries Act. Hence it was considered expedient that there should be a non-official agency established. Government were anxious that the same results should not follow. They wanted to wait and see how the management of the Bank would proceed. Now after some experience we find that they can be entrusted with these powers. Not only that. Even assuming that there is likely to be some difficulty, the present is a time when every help has to be given to cottage industries. Probably some miscalculations or some mistakes might be made and Government might have to suffer some losses. But it is worthwhile, in the interests of industrial encouragement. That is why this Bill has been brought up.

Mr. N. Krishna Aiyar: Sir, I beg to move the following amendment:—

"In Clause 2 sub Clause (2) (c) after the words "Government securities" insert the words "fixed deposits of the Bank". One of the best forms of security as everyone knows is fixed deposit.

President: But it will be a security approved by Government. So the object of the amendment can be served by that. For instance, supposing you say fixed deposits of the Bank. Why should there not be a fixed deposit on the Imperial Bank, the Indian Bank or any other Bank? So the best thing is that the Government will not approve securities except which they consider useful.

Mr. K. G. Kunjukrishna Pillai: I move that the Bill be passed.

Mr. A. Lekshminarayana Ayyar: I second it.

The motion was put and carried and the Bill was passed.

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